

Message Text

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ACTION ARA-10

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-03 H-01 INR-05 L-02

NSAE-00 NSC-05 PA-01 RSC-01 PRS-01 SP-02 SS-15

USIA-06 AEC-05 AID-05 CEA-01 CIEP-01 COME-00 EB-07

FPC-01 INT-05 OMB-01 SAM-01 OES-03 STR-01 TRSE-00

FRB-01 FEA-01 /086 W

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R 201730Z DEC 74

FM AMEMBASSY GUATEMALA

TO SECSTATE WASHDC 5338

INFO AMEMBASSY MANAGUA

AMEMBASSY SAN JOSE

AMEMBASSY SAN SALVADOR

AMEMBASSY TEGUCIGALPA

AMEMBASSY PANAMA

AMEMBASSY CARACAS

AMCONSUL BELIZE

LIMITED OFFICIAL USE GUATEMALA 6897

E.O. 11652: N/A

TAGS: PFOR, ENGR, EFIN, GT

SUBJECT: LAUGERUD DISCUSSES VENEZUELA MEETING IN TELEVISED PRESS
CONFERENCE

1. FLANKED BY VICE PRESIDENT SANDOVAL AND THE ENTIRE
CABINET, PRESIDENT LAUGERUD HELD A TELEVISED PRESS CONFER-
ENCE ON DECEMBER 17 TO REPORT ON THE CENTRAL AMERICAN
PRESIDENTS' MEETING IN GUAYANA, VENEZUELA.

2. IN HIS OPENING ADDRESS LAUGERUD STRESSED SEVERAL TIMES
THAT HE HAD NOT COMPROMISED GUATEMALA'S INTERESTS DURING
THE VENEZUELA MEETING AND HAD NOT GONE TO VENEZUELA "TO
PUT OUT MY HAND TO ASK FOR AID." THE PRESIDENT STATED THAT
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HE HAD HAD TWO MOTIVATIONS FOR ATTENDING THE MEETING:

(1) "CENTRAL AMERICA NEEDS COMMON ACTION IN DEFENSE OF ITS OWN INTERESTS." LAUGERUD NOTED THAT SOME COUNTRIES HAVE MORE PROBLEMS THAN GUATEMALA AND ALL CENTRAL AMERICAN COUNTRIES MUST HELP EACH OTHER. (2) TO WORK TO ACHIEVE THE ECONOMIC INDEPENDENCE OF LATIN AMERICA, IN ORDER "TO AVOID DECISIONS BEING TAKEN IN OUR NAME BY THE GREAT INDUSTRIAL POWERS."

3. THE PRESIDENT ASSERTED THAT THE MEETING HAD BEEN A SUCCESS BOTH "MATERIALLY AND SPIRITUALLY." LAUGERUD SEEMED TO GIVE VENEZUELA LITTLE CREDIT FOR THE MEETING'S SUCCESS WHICH HE ATTRIBUTED TO THE WELL-COORDINATED EFFORTS OF THE CENTRAL AMERICANS, ALTHOUGH HE PRAISED PRESIDENT PEREZ' "FRANK AND CORDIAL" ATTITUDE. THE PRESIDENT EXPRESSED SATISFACTION THAT HE HAD FOUND THE OTHER COUNTRIES AT THE MEETING IN AGREEMENT WITH HIS GOVERNMENT'S POLICY TOWARD NATURAL RESOURCES, WHICH HE VIEWS AS AN INALIENABLE RIGHT OF GUATEMALA, UNDER THE COMPLETE CONTROL OF GUATEMALA, AND TO BE EXPLOITED FOR THE BENEFIT OF GUATEMALANS.

4. IN LISTING THE ACHIEVEMENTS OF THE GUAYANA MEETING, LAUGERUD TURNED FIRST TO THE SUPPORT GIVEN BY THE OTHER SIX COUNTRIES TO GUATEMALA'S CLAIMS OVER BELIZE. DURING THE QUESTION AND ANSWER PERIOD, THE PRESIDENT COMMENTED THAT THIS UNPRECEDENTED SUPPORT FROM SIX OTHER CHIEFS OF STATE WOULD GIVE GUATEMALA AN IMPORTANT ADVANTAGE IN ITS STRUGGLE TO "RECLAIM" BELIZE. LAUGERUD INDICATED THAT DISCUSSIONS WITH GREAT BRITAIN ON THE BELIZE ISSUE WOULD BE RESUMED AS SOON AS POSSIBLE.

5. LAUGERUD EXPLAINED THE PETROLEUM AGREEMENT IN A SOMEWHAT OVERSIMPLIFIED MANNER. HE BEGAN BY RECALLING THAT BEFORE GOING TO VENEZUELA THE CENTRAL AMERICANS UNDERSTOOD THAT THEY WOULD BE UNABLE TO OBTAIN PREFERENTIAL PRICES BECAUSE OF VENEZUELA'S COMMITMENT TO OPEP. LAUGERUD SAID IT WAS AGREED IN VENEZUELA THAT THE CENTRAL AMERICAN COUNTRIES WOULD PAY \$6/ BARREL "IN CASH" WHILE THE DIFFERENCE BETWEEN \$6 AND THE GOING PRICE WOULD BE PAID INTO A SPECIAL FUND TO BE LIMITED OFFICIAL USE

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REPAID TO VENEZUELA WITHIN SIX YEARS. THIS ARRANGEMENT MADE IT POSSIBLE TO INVEST IN THE DEVELOPMENT OF GUATEMALAN MONEY WHICH OTHERWISE WOULD HAVE BEEN SPENT IN CASH PAYMENTS FOR PETROLEUM. THE PRESIDENT STRESSED THE NEED FOR THE CHIXOY HYDROELECTRIC PROJECT AND SIMILAR PROJECTS PLANNED FOR THE FUTURE IN ORDER TO FREE GUATEMALA FROM ITS CURRENT DEPENDENCE ON PETROLEUM TO PRODUCE 65 PERCENT OF ITS ELECTRIC POWER. LAUGERUD SAID

NOTHING ABOUT THE REPORTED ARRANGEMENT FOR PROGRESSIVE ANNUAL REDUCTION OF THE AMOUNT OF VENEZUELAN OIL TO WHICH THE PRICE DIFFERENTIAL IS TO APPLY. HE ALSO DID NOT DISCUSS THE INTEREST WHICH WOULD HAVE TO BE PAID ON FUNDS DEPOSITED IN THE BANK OF GUATEMALA, NOR THE CONTROL VENEZUELA WILL HAVE OVER THE USES TO WHICH THE DEPOSITED FUNDS WILL BE PUT. IN RESPONSE TO A QUESTION, LAUGERUD STATED THAT THE PETROLEUM FINANCING SCHEME WOULD HAVE TO BE APPROVED BY CONGRESS.

6. LAUGERUD TREATED THE COFFEE RETENTION AGREEMENT AS OF SECONDARY IMPORTANCE FOR GUATEMALA. HE EXPLAINED THAT GUATEMALAN COFFEE PRODUCERS HAVE STATED THAT THEY DO NOT NEED FOREIGN FINANCING IN ORDER TO RETAIN THE AGREED AMOUNTS.

7. THE PRESIDENT MENTIONED VENEZUELA'S OFFER OF A \$40 MILLION LINE OF CREDIT FOR THE CENTRAL AMERICAN BANK AND OF TECHNICAL TRAINING FOR GUATEMALAN PETROLEUM TECHNICIANS. HE STATED THAT A VENEZUELAN MISSION WOULD COME TO GUATEMALA IN JANUARY TO WORK OUT ARRANGEMENTS FOR THE TECHNICAL TRAINING IN VENEZUELA.

8. DURING THE QUESTION AND ANSWER SESSION, LAUGERUD ACKNOWLEDGED THAT AN INVITATION TO ATTEND A SUMMIT MEETING IN VENEZUELA IN 1975 HAD BEEN ACCEPTED BY GUATEMALA ON THE CONDITION THAT CONCRETE ISSUES OF INTEREST TO CENTRAL AMERICA WOULD BE DISCUSSED. ASKED IF HE THOUGHT VENEZUELA WAS ATTEMPTING TO ASSERT LEADERSHIP OVER THE CENTRAL AMERICAN AND CARIBBEAN AREAS, LAUGERUD REPLIED THAT HE HAD DETECTED NO SUCH INTENTION IN CARLOS ANDRES PEREZ. THE PRESIDENT CONCLUDED THE PRESS CONFERENCE WITH AN APPEAL FOR LIMITED OFFICIAL USE

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CENTRAL AMERICAN SOLIDARITY AND FOR DOMESTIC UNITY IN GUATEMALA, "LEAVING TO ONE SIDE PERSONAL INTERESTS, THOSE OF GROUPS, AND THE AMBITIONS AND AVARICE WHICH ARE I EVERY HUMAN BEING."

COMMENT: THE LOCAL PRESS HAS NOTED THE UNUSUALLY NATIONALIST TONE(FOR GUATEMALA) OF LAUGERUD'S REMARKS. IN DISCUSSING GUATEMALA'S POSITION ON NATURAL RESOURCES AND THE IMPORTANCE OF AVOIDING UNILATERAL DECISIONS BY THE "GREAT INDUSTRIAL POWERS," LAUGERUD EMPLOYED THIRD WORLD LANGUAGE WHICH HAS NOT BEEN USED BY GUATEMALAN PRESIDENTS FOR MANY YEARS. ON PREVIOUS OCCASIONS LAUGERUD HAS TAKEN A SIMILAR LINE IN PRESENTING HIS POLICY TOWARD PETROLEUM. HE WAS ALSO AT GREAT PAINS TO MAKE IT CLEAR THAT GUATEMALA HAD NOT LOST ANY OF ITS

SOVEREIGNTY OR SACRIFICED ANY NATIONAL INTEREST TO
VENEZUELA. THE OUTCOME OF THE BANANA TAX ISSUE WILL
BE VIEWED BY GUATEMALANS AS ONE INDICATION OF THE DEGREE
OF SUBSTANCE IN LAUGERUD'S PROCLAIMED POLICY OF
"ECONOMIC INDEPENDENCE."
ANDREWS

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